

Water Storm Sewer Bond Refunding

- 2005 B & 2008 the City issued in Water and Storm Sewer Bonds. The outstanding total principal is \$5,150,000
- Interest rates between 3.25% and 5.25% (they were good at the time)
- These bonds are callable in 2018—final maturity 2028
- Refunding/refinance can take place now with a net interest savings of ~\$1,000,000



Parameters Resolution

Defines the boundaries of the refunding bonds

- Authorizes the issuance of not more than \$5,500,000
- The Interest rate cannot exceed 4.50%
- Projected interest rate average of 1.955%
- Bonds will match same maturity schedule (final pmt. 2028)



Parameters Resolution

- Sale price of bonds cannot be below 97% of the face value
- Delegate to certain officers the authority to approve final terms
(Mayor or Mayor Pro-tem, City Manager, Chief Financial Officer)
- Cost of issuance to be paid from proceeds



Projected Offering

Par Amount of Bonds	\$4,275,000.00
Reoffering Premium	\$652,880.20
Underwriter's Discount	\$17,100.00
Total Purchase Price	\$4,910,780.20
True Interest Cost	1.9554338%



Present Value Analysis

Gross Present Value Savings	\$1,490,256.67
Loss in Debt Service Reserve Investments	(\$476,822.21)
Net PV Savings	\$1,013,434.46
Average annual savings	\$88,800
Net benefit of refunded principal	20.523%



Sensitivity Analysis

Current Scenario			Current Call			Sensitivity Analysis			
Maturity	Coupon	Yield	Maturity	Coupon	Yield	Maturity	Coupon	Yield	Difference
7/15/2017	2.00%	0.75%	7/15/2019	2.00%	0.75%	7/15/2019	2.00%	1.46%	0.71%
7/15/2018	2.00%	0.85%	7/15/2020	2.00%	0.85%	7/15/2020	2.00%	1.56%	0.71%
7/15/2019	2.00%	0.95%	7/15/2021	2.00%	0.95%	7/15/2021	2.00%	1.66%	0.71%
7/15/2020	3.00%	1.10%	7/15/2022	3.00%	1.10%	7/15/2022	3.00%	1.81%	0.71%
7/15/2021	3.00%	1.25%	7/15/2023	3.00%	1.25%	7/15/2023	3.00%	1.96%	0.71%
7/15/2022	3.00%	1.35%	7/15/2024	3.00%	1.35%	7/15/2024	3.00%	2.06%	0.71%
7/15/2023	3.00%	1.45%	7/15/2025	3.00%	1.45%	7/15/2025	3.00%	2.16%	0.71%
7/15/2024	3.00%	1.55%	7/15/2026	3.00%	1.55%	7/15/2026	3.00%	2.26%	0.71%
7/15/2025	3.00%	1.65%	7/15/2027	3.00%	1.65%	7/15/2027	3.00%	2.36%	0.71%
7/15/2026	3.00%	1.75%	7/15/2028	3.00%	1.75%	7/15/2028	3.00%	2.46%	0.71%
7/15/2027	4.00%	1.85%							
7/15/2028	4.00%	1.90%							

